

Message Text

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R 151445Z MAR 76

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 9781

INFO AMEMBASSY LONDON

AMCONSUL MUNICH

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C O N F I D E N T I A L PRAGUE 0655

E.O. 11652: GDS

TAGS: PINR, ECON, CZ

SUBJECT: FORMER MANAGEMENT INSTITUTE DIRECTOR RESURFACES

REF: PRAGUE 0117

1. BEGIN SUMMARY: JAROSLAV JIRASEK, FORMER DIRECTOR CZECHOSLOVAK INSTITUTE OF MANAGEMENT, SHOWED UP AT EMBASSY RECEPTION RECENTLY AND HAD SOME INTERESTING THINGS TO SAY ABOUT CURRENT STATE OF ECONOMY. JIRASEK SAID THAT LEADERSHIP CONCERN IS GROWING OVER UNSATISFACTORY GROWTH OF PRODUCTION, A CONDITION WHICH HE ATTRIBUTED TO WIDESPREAD APATHY AMONG POPULACE AND STERILITY OF OLD METHODS FOR DEALING WITH IT. END SUMMARY.

2. IN RESPONSE TO CHARGE'S FORMAL INVITATION, ING. JAROSLAV JIRASEK, FORMER DIRECTOR OF CZECHOSLOVAK INSTITUTE OF MANAGEMENT, SHOWED UP UNEXPECTEDLY AT FAREWELL/WELCOMING RECEPTION FO E/COM OFFICERS FARRAND AND MONTGOMERY MARCH 9. LOOKING PALE AND GAUNT, JIRASEK SAID THAT HE HAD BEEN VERY ILL BECAUSE OF "NERVES" AND CONFIRMED THAT HE NO LONGER HELD DIRECTOR'S JOB AT MANAGEMENT INSTITUTE, BUT CONTINUED TO WORK ON STAFF DOING "SPECIAL STUDIES". (WE UNDERSTAND THAT JIRASEK RECENTLY GOT LOST OVERNIGHT WHILE HIKING IN KRKONOSE MOUNTAINS AND SUFFERED SEVERE FROSTBITE IN HIS HANDS AS RESULT. HE MENTIONED THIS TO CHARGE AND SHOWED
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HIM HIS HANDS WHICH WERE IN FACT IN DREADFUL CONDITION.)

3. JIRASEK SEEMED EAGER TO TALK WITH OUTGOING ECOM SECTION CHIEF FARRAND BUT CROWDED RECEPTION MADE IT IMPOSSIBLE FOR FARRAND OR OTHERS HAVE MORE THAN FIVE TO TEN MINUTES OF CONVERSATION WITH HIM. WHAT FOLLOWS IS GIST OF HIS COMMENTS TO FARRAND SOME OF WHICH HE VOLUNTEERED AND SOME OF WHICH WERE IN RESPONSE TO QUESTIONS: JIRASEK SEEMED IN REMARKABLE GOOD HUMOR GIVEN OBVIOUS DETERIORATION IN STATE OF HIS HEALTH AND SEEMED AT SOME PAINS TO PUT EMBOFF AT EASE BY MAKING POINT THAT HIS ACCESS TO TOP LEADERSHIP HAD NOT CHANGED. IN PARTICULAR, HE SAID THAT HIS RELATIONS WITH PARTY PRESIDUM MEMBERS JOSEF KEMPNY AND ALOIS INDRA WERE AS GOOD AS THEY HAD ALWAYS BEEN. HE VOLUNTEERED NO INFORMATION ON NEW DIRECTOR OF MANAGEMENT INSTITUTE AND WHEN EMBOFF THREW OUT NAME OF ONE POSSIBLE CANDIDATE, JIRASEK MERELY SHOOK HIS HEAD AND REPLIED THAT IT WAS SOMEONE ELSE-- BUT GAVE NO NAME.

4. ON THE ECONOMY, JIRASEK SAID THAT THINGS WERE NOT GOING AT ALL WELL AND THAT LEADERSHIP WAS AT LONG LAST BECOMING VERY CONCERNED OVER NATION'S UNSATISFACTORY ECONOMIC PERFORMANCE. HE SAID THAT CULMINATION OF HISAK'S POLICY OF POLITICAL "CONSOLIDATION" IN 1973 HAD PRESENTED LEADERSHIP WITH PERFECT OPPORTUNITY TO INTRODUCE SOME MEANINGFUL INNOVATIONS INTO ECONOMY WHICH MIGHT HAVE AVOIDED STAGNATION THAT HAS SINCE CREPT INTO ALL SECTORS. BY FAILING TO ACT THEN, ACCORDING TO JIRASEK, LEADERSHIP HAD PASSED UP ITS LAST CHANCE TO TURN THINGS AROUND ON ECONOMIC FRONT.

5. INSTEAD, PAST TWO YEARS (1974-1975) HAD BEEN FILLED WITH ONE "CELEBRATION" AFTER ANOTHER AND THESE HAD EFFECTIVELY ENERVATED POPULATION BY DRAINING FROM THEM LAST HOPES FOR REFORM. JIRASEK EMPHASIZED THIS POINT BY SAYING THAT "TOO MANY CELEBRATIONS" HAD MEANT THAT UNDERLYING PROBLEMS OF ECONOMY HAD RECEIVED NO ATTENTION AND UPSHOT WAS THAT THERE WERE NO "RESERVES" LEFT TO BE TAPPED. WHEN ASKED WHETHER APATHY AMONG WORKERS REMAINED A CRITICAL FACTOR, JIRASEK REPLIED THAT MALAISE RAN DEEPER THAN AMONG WORKERS ALONE. HE SAID THAT EVERYONE-- FROM LEVEL OF MANAGERS ON DOWN-- WAS AFFECTED BY A FEELING THAT NO HAND WAS FIRMLY ON TILLER OF ECONOMY. JIRASEK AGREED WITH EMBOFF'S SUGGESTION THAT

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"ELASTICITY" HAD GONE OUT OF SYSTEM AND THAT LEADERSHIP COULD NO LONGER HOPE TO ACHIEVE HIGHER OUTPUT TARGETS AND BETTER STANDARD OF LIVING ME RELY BY EXHORTING POPULACE TO LARGER EFFORTS. THIS RECIPE WAS NOT WORKING ANYMORE, HE SAID.

6. IN RESPONSE TO QUERY AS TO WHAT EFFECT ALL OF THIS MIGHT HAVE ON DEPUTY PREMIER VACLAV HULA, WHO IS ALSO CHAIRMAN OF STATE PLANNING COMMISSION, JIRASEK REPLIED SIMPLY THAT

HULA'S TENURE IN OFFICE WAS "ABOUT TO AN END." JIRASEK THEN ADDED THAT REAL TURN-DOWN IN MORALE OCCURRED IN LAST HALF OF 1975 WHEN PEOPLE BECAME AWARE THAT GOVERNMENT HAD LITTLE NEW IN STORE FOR NEXT FYP.

7. COMMENT: HAVING NEVER BEEN OFFICIALLY ADVISED OF JIRASEK'S DEMOTION, WE USED HIS OLD TITLE ON INVITATION CARD AND WERE SURPRISED AND DELIGHTED TO SEE HIM SHOW UP AT RECEPTION. WE HAVE NOW WAY OF KNOWING WITH CERTAINLY, OF COURSE, WHETHER HE DOES CONTINUE TO ENJOY SAME ACCESS TO TOP LEADERSHIP AS HE DID IN PAST, BUT WE FIND INTRIGUING AND GENERALLY CONVINCING HIS COMMENTS ON STATE OF ECONOMY AND MOOD OF WORKING FORCE. IT IS BECOMING INCREASINGLY EVIDENT THAT LEADERSHIP IS TAKING RENEWED (AND CERTAINLY BELATED) INTEREST IN STATE OF ECONOMY, PARTICULARLY AS REGARDS POSSIBILITIES FOR COOPERATION WITH WEST AS MEANS OF OBTAINING CRITICALLY NEEDED INFUSIONS OF NEW TECHNOLOGY. CONVERSATIONS WITH EMBOFFS HAVE HAD RECENTLY WITH OTHER CZECH OFFICIALS TEND TO CONFIRM WHAT JIRASEK HAD TO SAY ABOUT APATHY PERVADEING WORKERS AND MANAGERS ALIKE. QUESTION OF WHETHER ECONOMY HAS TRULY REACHED SOME SORT OF POST-1968 LOW IS NOT DISPELLED BY OFFICIAL STATISTICS SHOWING GROWTH RATES FOR 1976 IN EXCESS OF THOSE EXPERIENCED IN OR PROJECTED FOR CERTAIN COUNTRIES IN WEST. KEY POINT IS WHETHER PARTY AND GOVERNMENT PERCEIVE THESE ISSUES AS THREATS TO STABILITY AND, IF SO, ARE PREPARED TO DO SOMETHING ABOUT THEM. IT WILL BE INTERESTING TO SEE WHETHER PLANNING COMMISSION HULA WILL SURVIVE XVTH PARTY CONGRESS OR BE REPLACED BY MORE INNOVATIVE TYPE, LESS TIED TO ECONOMIC POLICIES OF PAST FEW YEARS.

8. FINALLY, WHEN EMBOFF ASKED IF JIRASEK WOULD BE ABLE TO HAVE LUNCH WITH HIS SUCCESSOR (MONTGOMERY) SOMETIME SOON JIRASEK REPLIED WITHOUT HESITATION THAT HE WOULD LOOK FORWARD TO HIS PERIODIC
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CHATS WITH EMBOFFS ON "EXACTLY SAME BASIS AS BEFORE."
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